

Proposed Solution to the Energy Impact Issue
Using HB 533, HB 798 and SB 567

SENATE TAXATION

EXHIBIT NO. 7

DATE 3-31-07

BILL NO. SB-567

Use all three bills together to accomplish solution.

Tie bills together with coordinating language so that they all have to pass.

Plan

- Use the Coal Board, renamed as in HB 798 to deal with the impact issue.
- Set up an impact account or use existing impact account at the Coal Board
- Commit the following resources to the account:
 - \$2 million General Fund OTO – cash infusion 2007 Legislature
 - \$1 million per year from county share of oil and gas revenues, proportionally from all oil and gas counties (actually 1.25% of total county amount spread equally, but not less than \$1 million per year)(2006 numbers would yield \$1,119,232)
 - Funds from the growth in the non-trust side of the coal tax collections. Collections from amount above existing level, with the current distribution percentages kept but indexed. Remainder of new coal taxes go into impact fund at the Coal Board.
- Coal funds in impact account and other money (see above) used for impacts.
- Flow of new coal tax monies can be used to pay off loans from BOI that are used when necessary to secure advance money for energy plant impacts.
- Impact assistance based upon the joint community/company planning process now in SB 567

SB 567 – Gillan (need to pass out now – as described and changed)

- Stripped down to the reallocation of the county oil & gas revenues and the establishment (or determination) of the account for the funds to go. Also needs coordinating language.
- Everything else dropped from the bill.

HB 533 – Ankney (need to re-refer it to Senate Taxation from Natural Resources – hearing scheduled for Monday, April 2)

- Use as vehicle for reallocating the coal tax revenues. Possibly use for General Fund OTO infusion. Also needs coordinating language.
- Drop the coal tax general fund allocation change now in the bill.

HB 798 – Lambert (Need to get referred to Senate Taxation so the package can be made complete in one committee)

- Use as vehicle to establish the program under the Coal Board. Identify the account for funds. Transfer over all of the impact program and planning elements from SB 567. Possibly use for General Fund OTO infusion. Also needs coordinating language.
- Drop the federal mineral royalty reallocation away from the general fund.

Other issues:

- Possible oil & gas local share percentage adjustment for Rosebud County triggered by Coal Bed Methane (CBM) development.
- Possible capping or adjusting of general fund share of federal oil, gas & mineral royalties